

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan  
33-1150  
GENERAL PURPOSE FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

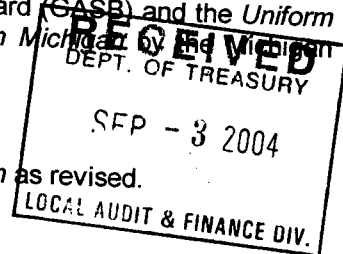
Year Ended March 31, 2004

## AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

<b>Local Government Type</b> <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		<b>Local Government Name</b> Township of White Oak	<b>County</b> Ingham
<b>Audit Date</b> March 31, 2004	<b>Opinion Date</b> July 29, 2004	<b>Date Accountant Report Submitted to State:</b> July 29, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.



We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |  |
|---|--|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).   |

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

<b>Certified Public Accountant (Firm Name)</b> Campbell, Kusterer & Co., P.C.			
<b>Street Address</b> 512 N. Lincoln, Suite 100, P.O. Box 686		<b>City</b> Bay City	<b>State</b> MI
<b>Accountant Signature</b> Campbell, Kusterer & Co., P.C.		<b>Zip</b> 48707	

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

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# CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

July 29, 2004

To the Township Board  
Township of White Oak  
Ingham County, Michigan

We have audited the accompanying general purpose financial statements of the Township of White Oak, Ingham County, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of White Oak's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of White Oak, Ingham County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of White Oak, Ingham County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

*Campbell, Kusterer & Co., P.C.*  
CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS  
March 31, 2004

EXHIBIT A

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Agency</u>
<u>Assets</u>			
Cash in bank	247 698 45	54 940 01	530 95
Taxes receivable	2 106 83	-	-
Due from other funds	176 16	-	-
Land and buildings	-	-	-
Furniture and equipment	-	-	-
Total Assets	<u>249 981 44</u>	<u>54 940 01</u>	<u>530 95</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts payable	3 500 00	-	-
Due to other funds	-	-	-
Due to others	-	-	176 16
Total liabilities	<u>3 500 00</u>	<u>-</u>	<u>354 79</u>
Fund equity:			
Investment in general fixed assets	-	-	-
Fund balances:			
Unreserved:			
Undesignated	246 481 44	54 940 01	-
Total fund equity	<u>246 481 44</u>	<u>54 940 01</u>	<u>-</u>
Total Liabilities and Fund Equity	<u>249 981 44</u>	<u>54 940 01</u>	<u>530 95</u>

The accompanying notes are an integral part of these financial statements.

<u>Account Group</u> <u>General</u> <u>Fixed Assets</u>	<u>Total</u> <u>(Memorandum</u> <u>Only)</u>
---	--

-	303 169 41
-	2 106 83
-	176 16
84 743 44	84 743 44
<u>63 240 23</u>	<u>63 240 23</u>
<u>147 983 67</u>	<u>453 436 07</u>

-	3 500 00
-	176 16
-	354 79
<u>-</u>	<u>4 030 95</u>

147 983 67	147 983 67
------------	------------

<u>-</u>	<u>301 421 45</u>
<u>147 983 67</u>	<u>449 405 12</u>

<u>147 983 67</u>	<u>453 436 07</u>
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TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES  
Year Ended March 31, 2004

EXHIBIT B  
Page 1

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Revenues:			
Property taxes	36 204 99	-	36 204 99
Licenses and permits	23 257 13	-	23 257 13
State revenue sharing	80 197 00	-	80 197 00
Charges for services	21 714 67	-	21 714 67
Interest	3 098 02	581 12	3 679 14
Miscellaneous	7 903 87	4 741 74	12 645 61
Total revenues	<u>172 375 68</u>	<u>5 322 86</u>	<u>177 698 54</u>
Expenditures:			
Legislative:			
Township Board	2 404 20	-	2 404 20
General government:			
Supervisor	6 288 76	-	6 288 76
Elections	345 90	-	345 90
Assessor	8 650 95	-	8 650 95
Clerk	13 088 35	-	13 088 35
Board of Review	910 00	-	910 00
Treasurer	11 434 13	-	11 434 13
Building and grounds	7 203 87	-	7 203 87
Cemetery	628 10	-	628 10
Unallocated	10 270 25	-	10 270 25
Public safety:			
Fire protection	25 450 52	-	25 450 52
Protective inspection	11 195 90	-	11 195 90
Planning and zoning	1 415 00	-	1 415 00
Public works:			
Highways and streets	23 730 00	-	23 730 00
Drains at large	9 982 38	-	9 982 38
Sanitation	4 475 82	-	4 475 82
Culture and recreation:			
Parks and recreation	-	4 091 29	4 091 29
Other:			
Insurance	5 754 00	-	5 754 00

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B  
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	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Expenditures: (continued)			
Capital outlay	<u>7 839 20</u>	<u>2 120 00</u>	<u>9 959 20</u>
Total expenditures	<u>151 067 33</u>	<u>6 211 29</u>	<u>157 278 62</u>
Excess of revenues over expenditures	<u>21 308 35</u>	<u>(888 43)</u>	<u>20 419 92</u>
Other financing sources (uses):			
Operating transfers in	-	4 000 00	4 000 00
Operating transfers out	<u>(4 000 00)</u>	<u>-</u>	<u>(4 000 00)</u>
Total other financing sources (uses)	<u>(4 000 00)</u>	<u>4 000 00</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	17 308 35	3 111 57	20 419 92
Fund balances, April 1	<u>229 173 09</u>	<u>51 828 44</u>	<u>281 001 53</u>
Fund Balances, March 31	<u>246 481 44</u>	<u>54 940 01</u>	<u>301 421 45</u>

The accompanying notes are an integral part of these financial statements.



TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –  
GENERAL AND SPECIAL REVENUE FUNDS

Year Ended March 31, 2004

EXHIBIT C  
Page 1

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues:			
Property taxes	28 652 75	36 204 99	7 552 24
Licenses and permits	6 000 00	23 257 13	17 257 13
State revenue sharing	80 000 00	80 197 00	197 00
Charges for services	6 681 49	21 714 67	15 033 18
Interest	4 500 00	3 098 02	(1 401 98)
Miscellaneous	-	7 903 87	7 903 87
Total revenues	<u>125 834 24</u>	<u>172 375 68</u>	<u>46 541 44</u>
Expenditures:			
Legislative:			
Township Board	3 400 00	2 404 20	(995 80)
General government:			
Supervisor	6 438 76	6 288 76	(150 00)
Elections	500 00	345 90	(154 10)
Assessor	10 847 58	8 650 95	(2 196 63)
Clerk	13 696 70	13 088 35	(608 35)
Board of Review	1 000 00	910 00	(90 00)
Treasurer	12 285 64	11 434 13	(851 51)
Building and grounds	14 394 00	7 203 87	(7 190 13)
Cemetery	800 00	628 10	(171 90)
Unallocated	14 845 14	10 270 25	(4 574 89)
Public safety:			
Fire protection	25 450 52	25 450 52	-
Protective inspection	11 200 90	11 195 90	(5 00)
Planning and zoning	1 415 00	1 415 00	-
Public works:			
Highways and streets	23 730 00	23 730 00	-
Drains at large	10 000 00	9 982 38	(17 62)
Sanitation	5 750 00	4 475 82	(1 274 18)
Culture and recreation:			
Parks and recreation	-	-	-

The accompanying notes are an integral part of these financial statements.

<u>Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
-	-	-
-	-	-
-	-	-
1 050 00	581 12	(468 88)
<u>3 650 00</u>	<u>4 741 74</u>	<u>1 091 74</u>
<u>4 700 00</u>	<u>5 322 86</u>	<u>622 86</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
6 100 00	4 091 29	(2 008 71)

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –  
GENERAL AND SPECIAL REVENUE FUNDS  
Year Ended March 31, 2004

EXHIBIT C  
Page 2

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Other:			
Insurance	6 500 00	5 754 00	(746 00)
Contingency	-	-	-
Capital outlay	<u>7 839 39</u>	<u>7 839 20</u>	<u>(19)</u>
Total expenditures	<u>170 093 63</u>	<u>151 067 33</u>	<u>(19 026 30)</u>
Excess (deficiency) of revenues over expenditures	<u>(44 259 39)</u>	<u>21 308 35</u>	<u>65 567 74</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	<u>(4 040 00)</u>	<u>(4 000 00)</u>	<u>40 00</u>
Total other financing sources (uses)	<u>(4 040 00)</u>	<u>(4 000 00)</u>	<u>40 00</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(48 299 39)	17 308 35	65 607 74
Fund balances, April 1	<u>226 307 54</u>	<u>229 173 09</u>	<u>2 865 55</u>
Fund Balances, March 31	<u>178 008 15</u>	<u>246 481 44</u>	<u>68 473 29</u>

The accompanying notes are an integral part of these financial statements.

<u>Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
-	-	-
<u>2 900 00</u>	<u>2 120 00</u>	<u>(780 00)</u>
<u>9 000 00</u>	<u>6 211 29</u>	<u>(2 788 71)</u>
<u>(4 300 00)</u>	<u>(888 43)</u>	<u>3 411 57</u>
4 000 00	4 000 00	-
<u>4 000 00</u>	<u>4 000 00</u>	<u>-</u>
(300 00)	3 111 57	3 411 57
<u>51 828 54</u>	<u>51 828 44</u>	<u>(10)</u>
<u>51 528 54</u>	<u>54 940 01</u>	<u>3 411 47</u>

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2004

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of White Oak, Ingham County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of White Oak. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Funds

The Current Tax Collection and Agency Funds are used to account for assets held as an agent for others.

Account Group

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

General Fixed Assets Account Group

This account group presents the fixed assets of the local unit utilized in its general operations.

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and, expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2003 Township tax roll millage rate was .9719 mills and the taxable value was \$37,366,100.00.

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Fixed Assets

Purchases of fixed assets for all funds are recorded as expenditures in their respective funds at the time of purchase. They are also recorded at cost in the General Fixed Assets Group of Accounts as required by generally accepted accounting principles.

Investments

Investments are stated at market.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Compensated Absences (Vacation and Sick Leave)

Township employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Postemployment Benefits

The Township provides no postemployment benefits to past employees.

Note 2 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.



TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2004

Note 2 – Deposits and Investments (continued)

The Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>303 169 41</u>
Amounts in the bank balances are without considering deposits in transit or uncleared checks.	

	<u>Bank Balances</u>
Insured (FDIC)	100 354 79
Uninsured and Uncollateralized	<u>384 928 95</u>
Total Deposits	<u>485 283 74</u>

The Township of White Oak did not have any investments as of March 31, 2004.

Note 3 – Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/04</u>
Land and buildings	82 623 44	2 120 00	-	84 743 44
Furniture and equipment	<u>55 401 23</u>	<u>7 839 00</u>	-	<u>63 240 23</u>
Totals	<u>138 024 67</u>	<u>9 959 00</u>	-	<u>147 983 67</u>

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2004

Note 4 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>176 16</u>	Current Tax Collection	<u>176 16</u>

Note 5 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 6 – Pension Plan

The Township does not have a pension plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts, and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Transfers In and Transfers Out

For the fiscal year ended, March 31, 2004, the Township made the following interfund transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
Park	2 000 00	General	2 000 00
Public Improvement	<u>2 000 00</u>	General	<u>2 000 00</u>
Total	<u>4 000 00</u>	Total	<u>4 000 00</u>

Note 9 – Building Permits

As of March 31, 2004, the Township had building permit revenues of \$23,257.13 and building permit expenses of \$11,195.90.

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 10 – Total Columns on Combined Statements--Overview

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT  
Year Ended March 31, 2004

EXHIBIT D  
Page 1

Township Board:	
Salaries	<u>2 404 20</u>
Supervisor:	
Salary	<u>6 288 76</u>
Elections:	<u>345 90</u>
Assessor:	
Salary	7 964 39
Supplies	<u>686 56</u>
Clerk:	<u>8 650 95</u>
Salary	10 481 28
Supplies	2 524 27
Mileage	<u>82 80</u>
Board of Review:	<u>13 088 35</u>
Per diem	<u>910 00</u>
Treasurer:	
Salary	10 481 28
Supplies	<u>952 85</u>
Building and grounds:	<u>11 434 13</u>
Salary	737 08
Supplies	206 36
Utilities	2 038 77
Repairs and maintenance	1 960 81
Mowing	<u>2 260 85</u>
Cemetery:	<u>7 203 87</u>
Repairs and maintenance	<u>628 10</u>
Unallocated:	
Printing and publishing	2 495 14
Memberships and dues	1 976 53
Social security	4 023 82
Legal fees	860 00
Miscellaneous	<u>914 76</u>
	<u>10 270 25</u>

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT  
Year Ended March 31, 2004

EXHIBIT D  
Page 2

Fire protection:	
Contracted services	<u>25 450 52</u>
Protective inspection	<u>11 195 90</u>
Planning and zoning	<u>1 415 00</u>
Highways and streets:	
Repairs and maintenance	<u>23 730 00</u>
Drains at large	<u>9 982 38</u>
Sanitation:	
Contracted services	<u>4 475 82</u>
Insurance	<u>5 754 00</u>
Capital outlay	<u>7 839 20</u>
Total Expenditures	<u><u>151 067 33</u></u>

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS EXHIBIT E  
March 31, 2004

	<u>Park</u>	<u>Public Improvement</u>	<u>Total</u>
<u>Assets</u>			
Cash in bank	<u>7 544 36</u>	<u>47 395 65</u>	<u>54 940 01</u>
Total Assets	<u>7 544 36</u>	<u>47 395 65</u>	<u>54 940 01</u>
<u>Fund Balances</u>			
Fund balances:			
Unreserved:			
Undesignated	<u>7 544 36</u>	<u>47 395 65</u>	<u>54 940 01</u>
Total Fund Balances	<u>7 544 36</u>	<u>47 395 65</u>	<u>54 940 01</u>

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS  
Year Ended March 31, 2004

EXHIBIT F

	<u>Park</u>	<u>Public Improvement</u>	<u>Total</u>
Revenues:			
Interest	37 49	543 63	581 12
Miscellaneous	<u>4 741 74</u>	<u>-</u>	<u>4 741 74</u>
Total revenues	<u>4 779 23</u>	<u>543 63</u>	<u>5 322 86</u>
Expenditures:			
Parks and recreation	4 091 29	-	4 091 29
Capital outlay	<u>2 120 00</u>	<u>-</u>	<u>2 120 00</u>
Total expenditures	<u>6 211 29</u>	<u>-</u>	<u>6 211 29</u>
Excess (deficiency) of revenues over expenditures	<u>(1 432 06)</u>	<u>543 63</u>	<u>(888 43)</u>
Other financing sources:			
Operating transfers in	<u>2 000 00</u>	<u>2 000 00</u>	<u>4 000 00</u>
Excess of revenues and other sources over expenditures	567 94	2 543 63	3 111 57
Fund balances, April 1	<u>6 976 42</u>	<u>44 852 02</u>	<u>51 828 44</u>
Fund Balances, March 31	<u><u>7 544 36</u></u>	<u><u>47 395 65</u></u>	<u><u>54 940 01</u></u>

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

COMBINING STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES – ALL AGENCY FUNDS  
Year Ended March 31, 2004

EXHIBIT G

	<u>Balance</u> <u>4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/04</u>
<u>CURRENT TAX COLLECTION FUND</u>				
<u>Assets</u>				
Cash in Bank	<u>238 85</u>	<u>1 441 423 15</u>	<u>1 441 485 84</u>	<u>176 16</u>
<u>Liabilities</u>				
Due to other funds	238 85	49 637 49	49 700 18	176 16
Due to others	-	1 391 785 66	1 391 785 66	-
Total Liabilities	<u>238 85</u>	<u>1 441 423 15</u>	<u>1 441 485 84</u>	<u>176 16</u>
<u>AGENCY FUND</u>				
<u>Assets</u>				
Cash in Bank	<u>393 02</u>	<u>12 306 77</u>	<u>12 345 00</u>	<u>354 79</u>
<u>Liabilities</u>				
Due to Others	<u>393 02</u>	<u>12 306 77</u>	<u>12 345 00</u>	<u>354 79</u>
<u>TOTALS – ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash in Bank	<u>631 87</u>	<u>1 453 729 92</u>	<u>1 453 830 84</u>	<u>530 95</u>
<u>Liabilities</u>				
Due to other funds	238 85	49 637 49	49 700 18	176 16
Due to others	393 02	1 404 092 43	1 404 130 66	354 79
Total Liabilities	<u>631 87</u>	<u>1 453 729 92</u>	<u>1 453 830 84</u>	<u>530 95</u>



# **CAMPBELL, KUSTERER & CO., P.C.**

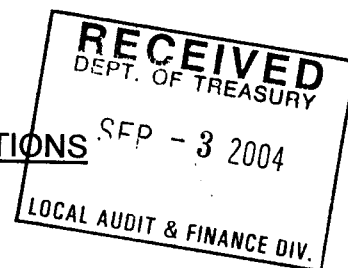
CERTIFIED PUBLIC ACCOUNTANTS

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## **AUDIT COMMUNICATION AND** **REPORT OF COMMENTS AND RECOMMENDATIONS**



July 29, 2004

To the Township Board  
Township of White Oak  
Ingham County, Michigan

We have audited the financial statements of the Township of White Oak, for the year ended March 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

### **AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES**

We conducted our audit of the financial statements of the Township of White Oak in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

To the Township Board  
Township of White Oak  
Ingham County, Michigan

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

### **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies are described in Note 1 to the financial statements.

### **OTHER COMMUNICATIONS**

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

To the Township Board  
Township of White Oak  
Ingham County, Michigan

### **GASB 34 IMPLEMENTATION**

The Governmental Accounting Standards Board issued a new reporting model for governmental units which is to be implemented over the next few years. The implementation date of this pronouncement for the Township of White Oak will begin with the year ended March 31, 2004, and will need to be implemented fully by March 31, 2005. The daily operations and recording transactions should not change significantly, however, the Township will be required to maintain additional records for the year end adjustments to the final presentation format.

### **COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY**

Our procedures disclosed the following conditions that we would like to bring to your attention:

#### **SEGREGATION OF DUTIES**

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2004.

#### **SUMMARY**

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

*Campbell, Kusterer & Co., P.C.*  
CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants